

ILLINOIS POWER EXHIBIT NO. 3.1

WITNESS JACQUELINE K. VOILES

DATE 10-3-00 REPORTER CB

IP Exhibit 3.1
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ILLINOIS POWER COMPANY

DOCKET NO. 00-0461

PREPARED DIRECT TESTIMONY OF

JACQUELINE K. VOILES

JULY 7, 2000

I. WITNESS INTRODUCTION

1. Q. Please state your name, business address and present position.

A. Jacqueline K. Voiles, 500 South 27th Street, Decatur, Illinois 62521. I am the Manager of Delivery Services in the Business Development Services Department of Illinois Power Company ("Illinois Power", "IP" or "Company").

2. Q. Please summarize your education and employment experience.

A. I graduated from Millikin University in 1987 with a Bachelor of Science Degree in Mathematics Education. I received a Masters Degree in Business Administration in 1999 from the University of Illinois. I have been employed by Illinois Power since 1988 in the following positions: Rate Analyst/Senior Rate Analyst (1988-1990), Business Development Specialist (1990-1991), Rate Specialist (1991-1994), Competitive Pricing Specialist (1994-1995), Director of State Regulatory Affairs (1995-1998), and Danville Regional Manager (1998-1999). I began my present position as Manager of Delivery Services in December 1999.

3. Q. What are your duties and responsibilities in your present position?

21 A. My duties and responsibilities include administration of all of IP's Delivery Services
22 tariffs (including transition charge tariffs), management of Illinois Commerce
23 Commission proceedings relating to Delivery Services tariffs, providing direction
24 and guidance within Illinois Power for the implementation of customer choice, and
25 coordination with IP's Transmission Services organization on Delivery Service-
26 related matters. I also have responsibility for load profiling services.

27 **II. PURPOSE OF TESTIMONY**

28 4. Q. What is the purpose of your testimony?

29 A. The purpose of my testimony is to support the changes made to Illinois Power
30 Company's Transition Charge tariff (Rider TC) filed on June 5, 2000. I will also
31 discuss the specific details concerning the timing and implementation processes
32 associated with calculating customer transition charges with the Market Value Index
33 ("MVI") prices.

34 5. Q. Is the Company making changes to any other tariff at this time?

35 A. Yes. After discussions with various parties and examining the relevant tariffs, IP is
36 now also proposing modifications to Rider PPO, Power Purchase Option Service,
37 Service Classification 110, Non-Residential Delivery Services, and Service
38 Classification 150, Services for Customer Self-Managers and Retail Electric
39 Suppliers.

40 6. Q. In addition to your prepared testimony, IP Exhibit 3.1, are you sponsoring other
41 exhibits?

42 A. Yes, I am sponsoring IP Exhibits 3.2 through 3.5, which were prepared under my
43 supervision and direction.

44 7. Q. Please identify these exhibits.

45 A. IP Exhibit 3.2 is a red-lined copy (excluding filed and effective date footnotes) of
46 proposed Rider TC, Transition Charge for Non-Residential Customers (without
47 appendices). Numerous changes have been made to the currently-effective Rider TC
48 to provide for the proposed MVI prices.

49 IP Exhibit 3.3 is a red-lined version (excluding filed and effective date
50 footnotes) of proposed Rider PPO, Power Purchase Option Service. Again,
51 numerous changes have been made to the currently-effective Rider PPO to provide
52 for the proposed MVI prices.

53 IP Exhibits 3.4 and 3.5 are red-lined copies of specific pages within Service
54 Classification 110, Non-Residential Delivery Services, and Service Classification
55 150, Services for Customer Self-Managers and Retail Electric Suppliers and reflect
56 proposed changes to those tariffs. The changes to these exhibits are described later
57 in my testimony.

58 **III. REVISIONS TO RIDER TC**

59 8. Q. Please identify the major revisions and additions to Rider TC relating to the provision
60 of Rider MVI.

61 A. Section 4(a) has been substantially revised to reflect that Rider MVI is determining
62 market values as opposed to the report of the Neutral Fact Finder ("NFF").

Language has been added to Section 5, Determination of Customer's TC Group to indicate that monthly information sheets to Appendix 1, TC Groups (formerly Appendix 4) will be filed with the Commission on or before the eighth business day of the month prior to the start of each Annual Period setting forth the transition charges for each TC Group that will be applicable during the immediately succeeding Annual Period, *assuming no changes in any other factors included in the calculation of the TC, e.g. transmission rates, distribution rates, mitigation factors.*

In addition a new Section 6, Determination of Transition Charges for Annual Periods, has been added. Such new language indicates among other things, when and how Illinois Power will calculate Transition Charges and the effective period for the same. This will be further discussed later in my testimony.

Section 7(d) has been modified to reflect changes in the calculation of the fee charged to customers for the option to revoke the customer's notice to use the NFF market values (if the NFF were to publish market values for more than just one year) in the determination of the Customer's transition charges in their contracts. Messrs. Peters & Jones will address this fee in their testimony.

Further, to help improve the understandability of Rider TC, Illinois Power is proposing to cancel Appendix 1, Appendix 2, and Appendix 3. Illinois Power will retain the detailed information contained in Appendix 1 (Coincident Peak Determination), Appendix 2 (Allocation of Usage), and Appendix 3 (Rates) as applicable workpapers to the tariff. Also, Appendices 4 and 5 have been reclassified

as Appendix 1 and 2, respectfully, and appropriate references throughout the tariff have been modified.

In a number of other sections of Rider TC, such as definitions, other less substantive changes have been made, such as adding references to workpapers where needed.

IV. REVISIONS TO RIDER PPO

9. Q. Please identify the revisions in Rider PPO relating to the provision of Rider MVI.
- A. In Sections 1, 2 (b), and 5 (a) of the currently effective Rider PPO, the reference to Appendix 5 has been changed to Appendix 2. Also, in Sections 2 (b) and 5 (a), January 1 has been deleted to reflect the methodology changes from NFF to Rider MVI. The definition of Annual Period has been changed to be consistent with Rider TC. In addition, language has been added to Section 5 (a) to insure that customers receive the same market prices in Rider PPO as those used in their respective transition charge calculations.

These revisions represent a change from our June 5 filing and were the result of discussions with various parties concerning IP's initial filing.

In a separate filing with the Commission, IP has proposed changes to Rider PPO. IP Exhibit 3.3 will incorporate the pending changes to Rider PPO upon approval by the Commission.

V. REVISIONS TO SC 110

10. Q. Please identify the revisions to SC 110.

104 A. In Section 5 (d) of SC 110, Enrollment for Delivery Services, the cancellation DASR
105 time requirement is being changed from the fifteenth Business Day to the fifth
106 Business Day. This change will allow additional time for Customer Self- Managers
107 or Retail Electric Suppliers (“RESs”) to evaluate the MVI information and issue
108 cancellation Direct Access Service Requests (“DASRs”) if needed.

109 These revisions represent a change from our June 5 filing and were the result
110 of discussions with various parties concerning IP’s initial filing.

111 **VI. REVISIONS TO SC 150**

112 11. Q. Please identify the revisions to SC 150.

113 A. In Section 4 (d) of SC 150, Enrollment and Termination of Customers with Utility,
114 the cancellation DASR time requirement is being changed from the fifteenth
115 Business Day to the fifth Business Day. This change is consistent with the change
116 to SC 110 which will allow additional time for Customer Self- Managers or RESs to
117 evaluate the MVI information and issue cancellation DASRs if needed.

118 Consistent with the revisions to SC 110, these revisions represent a change
119 from our June 5 filing and were the result of discussions with various parties
120 concerning IP’s initial filing.

121 **VII. IMPLEMENTATION**

122 12. Q. Does Illinois Power propose to change the method for calculating transition charges
123 once the MVI methodology produces market values?

124 A. No. Illinois Power's intent is to keep the transition charge calculation the same. The
125 only change is to the input values that go into that calculation.

126 13. Q. Given the monthly updates, how does Illinois Power plan to implement Rider TC?

127 A. As described by Messrs. Peters & Jones, market values will be publicly available by
128 the eighth business day of the preceding month in which they will be effective. Also,
129 as a by-product of automating the process, all relevant TC information will be
130 available by the same day. Market values and Group TCs will be filed in an
131 informational notice with the Commission and posted on IP's website. Individual
132 customer TCs will be available on IP's website. Thus, customers (and their
133 authorized RES) will have all the necessary information they will need to make a
134 purchasing decision sufficiently in advance of having to submit a DASR (much less
135 the additional time they have to cancel one if needed).

136 14. Q. Once a customer opts for choice, how long will the market values used to calculate
137 TCs be effective under MVI?

138 A. The market values will be effective for one year. With the NFF process, market
139 values changed each January and thus only those customers who began choice in
140 January have a TC calculated on a known full-year market value. In contrast, IP's
141 proposal, locks in the market values used to set each customer's TCs for a full year,
142 regardless of when they begin choice.

143 15. Q. Does the new MVI process for calculating market values and TCs cause you any
144 concerns with respect to the transition from the NFF process to the new process?

145 A. Yes. First, implementing the transition from the NFF values (and TCs calculated
146 based on those values) will take some period of time after a final decision is entered
147 in this case. If the implementation date is not on January 1, 2001, then there will
148 need to be a period in which the NFF 2001 values are used. Illinois Power is hopeful
149 that this will not become an issue and that an Order can be entered in a timely
150 manner. However, Illinois Power understands that it may take longer to reach such
151 a decision. If so, we are open to the parties' suggestions on how best to transition
152 from the NFF 2001 values to the MVI values. Currently, we are considering an
153 approach that would use the NFF 2001 values until the customer's anniversary date,
154 at which point they would convert to the MVI.

155 Second, IP committed to the Chairman of the Commission (in an open
156 meeting earlier this year) to calculate all commercial and industrial customers' TCs
157 by December 1, 2000 (because all remaining non-residential customers gain choice
158 on January 1, 2001). We also committed to start placing the results of those
159 calculations on the customers' bills starting in December. However, if MVI is
160 approved in a timeframe that permits implementation on January 1, 2001, this
161 commitment must be altered slightly because the market values (and TCs) will not
162 be known until December 12, 2000. However, this still provides customers and
163 marketers with sufficient time to make a decision. It has the additional advantage of
164 not having to address the transition issue if NFF 2001 values must be used for some
165 period of time. And, because all market participants will have more accurate market

166 values to use, Illinois Power believes this modest change in its commitment is on
167 balance beneficial to all.

168 16. Q. Does this conclude your prepared direct testimony?

169 A. Yes, it does.